

Memorandum

To: Members of Funding Work Group
of the Eastern Virginia Groundwater Management Advisory Committee

From: Mission H2O Groundwater Subgroup Participants

Subject: Topics to be Addressed by the Work Group

Date: August 18, 2016

In anticipation of the Funding Work Group's first meeting on August 25, 2016, participants in the Mission H2O Groundwater Subgroup (in which 13 of the 14 largest permitted withdrawers are participating) propose that the following topics be addressed. We request that this list be circulated to the participants in the work group so that they can give some thought to these issues in advance of the meeting.

- (1) Existing sources of funding that might be accessed to aid in addressing the groundwater issue in Eastern Virginia
 - a. What are they? Drinking Water Revolving Loan Fund and Water Quality Improvement Fund are two that come to mind.
 - b. Are they sufficient?
 - c. Are they being used effectively?
 - d. Are they available to all groundwater users?
- (2) Potential new sources of funding that could be created to address the groundwater issue in Eastern Virginia
 - a. What legal authority would be used to create the funding sources?
 - b. How would they be funded?
 - c. When could they be created?
 - d. Who would they be available to?
 - e. What is the right level of funding?
 - f. Ideas for "funding" sources
 - i. Fee for unpermitted groundwater users (i.e., \$100 per year per unpermitted withdrawer)
 - ii. Groundwater withdrawal permitting fees (already exist – but could be pooled into a groundwater-specific fund)
 - iii. Creation of mitigation fund (similar to in lieu fee fund in the wetland program)

g. Funding/Incentive Options

- i. Tax credits, grants, low interest loans, etc.
- ii. Credit for studies/research vs. implementation
- iii. Creation of fund that could be managed by third party to sponsor projects
- iv. Creation of fund that could be used to purchase/preserve target sites for water storage projects (as done in Georgia)

(3) What would be funded?

- a. Moving unpermitted users off of groundwater and onto municipal systems
- b. Funding / Accelerating HRSD / funding other potential injection projects (CapX and O&M should be considered)
- c. Assistance fund for major permittees attempting to find alternate sources, including potentially offsetting impacts to utility rates
- d. Incentives for industrial / municipal-level water conservation and efficiency projects
- e. Household level projects – i.e., water efficient plumbing and consumer awareness about the dangers of wasting water
- f. Enhancing / expanding regional water distribution networks
- g. New or expanded surface water sources (reservoirs, shale and gravel pits, quarries, etc.)

(4) Can trading be used to offset the costs of moving away from groundwater?

- a. Are legal changes needed to accommodate?
- b. How would the program be created?
- c. When could it be implemented?
- d. Consider ability to create credits for water conservation and water efficiency projects